



# CEOCFO

## Interviews & News!

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### **L&L International Is Focused On Mining For Coal And Running It Through Coking Facilities For The China Market, Where Steel And Electricity Are In Great Demand For China's Fast Growing Infrastructure**



**Energy  
Coal  
(LLFH-OTC: BB)**

**L&L International Holdings, Inc.**

**130 Andover Park East,  
Seattle, WA 98188  
Phone: 206-264-8065**



**Dickson V. Lee MBA, CPA  
Founder and CEO**

#### **BIO:**

Mr. Lee is the operation manager, who also serves as Chairman of the KMC energy subsidiary, and CEO of the LSP power subsidiary. Dickson speaks Mandarin and Cantonese fluently, and travels frequently between US and China. Mr. Lee, a US CPA since 1983, was an executive of KPMG (New York) and Director

of Finance for NYNEX (now Verizon) Asia Pacific operations in 1993. Dickson served as a judicial member of the Hong Kong SEC Insider Dealing Tribunal (a trial court) for six years. Mr. Lee earned an MBA from Dalhousie University in 1975.

#### **Company Profile:**

L & L is a US public trading company (symbol - "LLFH" at OTC-BB) with trading price of \$2.50 as of October 22, 2008. It is founded in 1995. L&L is incorporated in Nevada State, and headquartered in Seattle, Washington State, serving as a bridge connecting coal (energy) business between China and the United States. L & L focuses on energy related business including coal operations, coal wholesales, and energy air compressors in China. The Company with approx. 1,000 employees, operates in Seattle, Shenzhen, Kunming and Liuzhou. L&L is expanding its coal mines production, and is acquiring coking facilities using its US management skills, US accounting, and finance knowledge to take advantage of China's growing markets, and its shortage of coal. Contrast to the United States, China lacks of petroleum, thus 71% of China energy is coming from coals.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Lee, what is your vision for L&L?

**Mr. Lee:** "We want to be the leader of energy business in China. In the future when we reach a certain scale of operation we might start to conduct energy related business in the US."

**CEOCFO:** Do you primarily work with coal?

**Mr. Lee:** "Yes, at the moment."

**CEOCFO:** What are you doing in China?

**Mr. Lee:** "We are doing coal (energy) business. Technically, we can further our coal (energy) related business into two operations. One is coal mining, the other is coal wholesale operation. That means we excavate coals from the 2 mines (L&L owned in China). We also act as a wholesale agent collecting coals from different mines in China, then sort them out and wash coals to increase purity. Coals are compounds. L&L regular coal is used as fuel at power generating plants (to generate utility), while L&L top quality coal (i.e. coking coal) more valuable in the market, is shipped to coking facilities to make Cokes (one of the two critical ingredients for making steel which is great demand for China booming infrastructure need). As you know, China has been growing and needs additional steel and pig-iron for its infrastructure (building, bridges, and highways) in large volume. Both coals and cokes are in great demands for many years in the past. When we (L&L) first enter the coal industry, we adopted a low-cost-entry strategy of using a wholesale operation as a tool. Thus, we entered the coal industry with little capital, while using our US accounting skills (a L&L niche) to collect coals from various mines with lowest possible cost. In doing so, we understand all the major players. In addition, we identified the coal mining is the most profitable sector in the coal industry. After learned the coal mining has high profit margin, we acquired two (2) existing coal mines and actually got to the source of the coals.

That is what we are doing presently. In the future we want to complete vertical integration not only getting coals out of mines, sorting them out, but also to acquire coking factories, which is also a high profit margin business.”

**CEOCFO:** How much is coal used as an energy source in China?

**Mr. Lee:** “China is different from the US; China has almost no petroleum and natural gas. Therefore, in China, over all the resources, you can count on such as nuclear, sun and conventional energy, 71% of energy is generated from coals. Thus, China is the world’s largest coal market and China represents about 38% of global coal consumption. It is important to know, that China produces about 31% of the world coal, but uses about 38% just because of the infrastructure, and continued economic growth. Not only China has become the world’s largest coal consuming country, but China can not get enough coals in China, needs to imports coals from Australia, Indonesia and other parts of the world, so L&L is in a good position can supply more coals to meet China internal demand for many years.”

**CEOCFO:** What about the mining industry, and are there new techniques that you are able to make use of in the mining of coal?

**Mr. Lee:** “There is technology available, but you have to look at it realistically and look at the operational scales to be competitive in the business. I’m an trained accountant, so I would like to talk about the numbers; numbers speak for themselves. Lots of the coals in China in the southeast region of Yunnan Province, where we are operating at are relative small. These mines are owned by individuals who have little ability to access new mining techniques, accounting knowledge and capital, to expand existing operations. L&L is a US public company, may raise capital to expand operations. In the past, we acquired 2 operating coal mines, and is in process to acquired additional mines. Using our US account-

ing skills, we consolidated the mines, increased production volume, efficiency and increase profits. That is the reason we have been making more profits in the past years.”

**CEOCFO:** What are some of the challenges of doing business in China and what are some of the good points?

**Mr. Lee:** “The challenges for us (as Chinese Americans) may be different than the Americans, because we are international. For example, I was born in China, grew up in Hong Kong before came to the United States some forty years ago to study US accounting, and learn management skills at corporate America. Other

**“China is different from the US; China has almost no petroleum and natural gas. Therefore, in China, over all the resources, you can count on such as nuclear, sun and conventional energy, 71% of energy is generated from coals. Thus, China is the world’s largest coal market and China represents about 38% of global coal consumption. It is important to know, that China produces about 31% of the world coal, but uses about 38% just because of the infrastructure, and continued economic growth. Not only China has become the world’s largest coal consuming country, but China can not get enough coals in China, needs to imports coals from Australia, Indonesia and other parts of the world, so L&L is in a good position can supply more coals to meet China internal demand for many years.” - Dickson V. Lee MBA, CPA**

L&L managers are also US trained accounting professionals, who also understands both Chinese language and English, can execute US management skills, such as MBO (management by objective) and cost controls. We can communicate directly to our Chinese employees using local language, so execute our business strategy. Doing business in China is more rely on “relationship” or trust, which is different from the US contract based business. I was a judge in Hong Kong for six years. People can easily identify my judicial role, thus develop a trust, which makes L&L doing business in China much easier than regular US companies. Now, as L&L is public traded in the US (trading symbol- “LLFH”), Chinese business people can further verify our finan-

cial results in China, via Google or Yahoo. Our challenge now is to balance the capital raise with the pace of expansion, to attract institutional funding.”

**CEOCFO:** Are there environmental concerns?

**Mr. Lee:** “Yes, environment is getting more important in China. You have to remember in logical thinking that --if you were poor; have no food to eat, you would not worry much about the environment. If you became richer with money left in your pockets to improve the world, you would look at the environment issue more seriously. Environment becomes a China concern now, because China has lot of cash eared from the US trade, and are more aware of the importance of it. China has established some basic environmental standards. They are trying to upgrade the standards, but it takes time. L&L is actively involved in environment, as we have access to the American and Japan coal standards. We can execute the best of American and Japanese standards improving China mining practice, to help China improving coal standards making the world a better place to live. The one thing the Japanese are doing very well is the quality-control. We are working with the Japanese to formulate strategic partners improving our mining operations. There are other issues where we can work with the US partners.”

**CEOCFO:** As far as the price of coal and commodities, what is that like today in China; does it fluctuate as much as it does in the US?

**Mr. Lee:** “Yes, coal prices fluctuate in China, but with a lesser extent than that in the US. The coal prices and cokes prices in China are lower than international spot prices, as a result of China governmental control of pricing to avoid inflationary pressures. For example, the price of cokes in China is about \$250 US per ton, and the international spot price is about double that amount, close to \$600 US per ton. Prices difference gives us tremendous opportunity to work hard. As

a China based coal operator, once we reached large operational scales, we can start international business with our niche.”

**CEOCFO:** What are your plans for moving into the coking area?

**Mr. Lee:** “We plan to acquire coking operations with two MOUs (Memo of Understanding) signed. However, we are cautiously aggressive on this coking area. If you look at our growth, our sales is growing at high rate around 40% -45% on average every year, with the first three months of L&L sales reached \$12 million for the quarter ended on July 31,2008, and L&L 12 months sales estimate of \$48-\$50 million. We are reviewing our timing using our accounting skills, the US-GAAP, General Accepted Accounting Principles to analyze existing operations and find out when it the optimal time to move into the coking area; especially we are currently under the shadow of Wall Street financial storm.”

**CEOCFO:** Please tell me about moving to NASDAQ.

**Mr. Lee:** “L&L’s listing at OTC-Bb is only the beginning of our entering into the US capital market. I paraphrase it as L&L just entered in a high school. There is a long way to go to improve ourselves. I am delighted to say that L&L stock (symbol –“LLFH”) is currently trading at a \$2.50 price, which is much higher than expected. In addition, some institutional investors told me that they like L&L stock, because of L&L’s coal business, and L&L management competence in China. Once LLFH stock is upgrade to either NASDAQ or AMEX, institutional investors would participate in LLFH investment. We are currently working with securities professionals and lawyers to introduce L&L corporate name to the investing public, and in process getting LLFH ready to apply it at a major stock exchange in the US.”

**CEOCFO:** Why should potential investors look at L&L as an investment?

**Mr. Lee:** “We believe investing in L&L would bring significant financial reward to our investors, as we are the China experts in the US. If you want to invest in a company in the United States, you look for a solid American company. If you want to invest in China from the US, you may wish to invest in L&L, as we are a US company with China skills, and is in the growing coal (energy) market. This is why we are doing-- We are Chinese Americans; all L&L Board Members and Officer are US educated Americans, who speak both Chinese and English. L&L has a 13 years operating history, with audited financial statements filed with the SEC since 2001 for its growth transparency. Besides, we work hard to excel.”

**CEOCFO:** That is the best of both worlds!

**Mr. Lee:** “Yes, your right. L&L works smart to position itself as the best of the two worlds leveraging on the growing China market. We are committed to bring L&L share value to our investors.”

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The logo for L&L International Holdings, Inc. features the letters "L&L" in a large, bold, serif font. Below this, the words "International Holdings, Inc." are written in a smaller, italicized serif font.

**L&L International Holdings, Inc.**  
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